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TO RUEHC/SECSTATE WASHDC IMMEDIATE 7636

INFO RUCNASE/ASEAN MEMBER COLLECTIVE

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C O N F I D E N T I A L SECTION 01 OF 02 RANGOON 000400

SIPDIS

DEPT FOR EAP/MLS, DRL, AND IO  
PACOM FOR FPA

E.O. 12958: DECL: 05/19/2017

TAGS: PGOV PREL PHUM BM EAID

SUBJECT: BURMA: CRONIES TOLD TO REBUILD THE DELTA

REF: A. RANGOON 371

1B. RANGOON 337

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Classified By: P/E Chief Leslie Hayden for Reasons 1.4 (b) & (d)

¶1. (C) Summary: Nay Win Maung, director of local NGO Myanmar Egress, shared with pol/econ chief a list of GOB ministers given responsibility and oversight for the rescue and rehabilitation of seven townships in the cyclone affected areas, and the various cronies the government assigned to finance and support their efforts. According to Nay Win Maung, the senior generals have ordered the cronies to rebuild the areas assigned to them, but provided them no resources to do so. As a result, a number of impromptu partnerships are forming between the cronies and INGOs: the INGOs need access to the affected areas, and the cronies need their relief supplies to meet the government's demands. The partnership appears to be working out for both parties. End summary.

¶2. (C) Lacking the relief supplies to meet the immediate needs of the cyclone victims, the cronies are turning to local and international NGOs to supply them, and facilitating access with the GOB ministers in charge, Nay Win Maung explained. Nay Win Maung told us Myanmar Egress is acting as a facilitator between the two groups and organized a May 20 meeting for the cronies and NGOs, which pol/econ chief attended. Nay Win Maung elaborated that the regime assigned cronies Tay Za and Zaw Zaw to support the Minister of Forestry in Bogale; Shwe Kyaing and Aung Thet Mann were supporting the Minister of Agriculture in Labutta; and Aik Tun and Maung Maung (Asia World) were supporting the Minister of Fisheries in Than Lyin and Thongewa.

¶3. (C) Nay Win Maung said that NGO Merlin approached Myanmar Egress to facilitate a relationship with "crony newcomer" Hla Maung Shwe, who the regime assigned to support Minister of Hotels and Tourism in the area around the town of Pya Pon. Hla Maung Shwe is making sure Merlin's employees have the access they need. NGO Merlin privately confirmed this to us. Cronies Htay Myint (Yuzana) and Win Aung (Dagon) are the lead cronies responsible for recovery and reconstruction in Pya Pon. They briefed INGOs and representatives from the UK and U.S. Embassies at the May 20 meeting. Win Aung also

greeted the diplomats on the May 17 Delta tour, where Charge observed Dagon Construction working with the Minister of Hotels and Tourism. The Australian Ambassador said Steven Law was working with the Energy Minister in Dedaye outside Rangoon. Additionally, Save the Children told emboff that it was quietly working with Surge Pun Associates (SPA) to facilitate receipt and delivery of incoming relief supplies, negotiate access for their employees in the Delta, and take care of their banking needs. This relationship was working well, they reported, although they asked emboff to keep their new partnership quiet.

¶4. (C) According to UK poloff Ruth Bradley-Jones, the UK Embassy suggested Nay Win Maung organize the May 20 meeting, and is working with Nay Win Maung and Myanmar Egress to help them coordinate relief efforts in the Delta. Rangoon DFID Director Rurik Marsden told pol/econ chief DFID is also looking at ways to program funding for long-term agricultural rehabilitation in the affected areas.

¶5. (C) Nay Win Maung also facilitated a meeting for UK Ambassador Mark Canning with Minister of Agriculture Htay Oo. Htay Oo is also head of the regime's mass-member organization, USDA, and reportedly has good access to Senior General Than Shwe. Since the cyclone, the UN and many local and international NGOs reported to us that Htay Oo has facilitated access for their local staff to the area around Labutta, which he is responsible for. Ambassador Canning told Charge that Htay Oo acknowledged the GOB would require international assistance to cope with the disaster.

¶6. (C) Nay Win Maung, who also attended the meeting, elaborated that Ambassador Canning emphasized to Htay Oo that the UK had no political agenda but was rather trying to

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assist cyclone victims in urgent need. Nay Win Maung said Htay Oo, who understands the severe scope of the problem and the implications for Burma's rice crop (Ref A), asked the UK Ambassador specifically for small tractors to rehabilitate paddy fields in time for the monsoon planting season. Canning emphasized the need for access to the Delta to monitor large assistance packages, but Htay Oo was non-committal. Nay Win Maung hoped that Htay Oo would use his access to Than Shwe to deliver Canning's message and push for him to open up the Delta to foreign relief workers.

¶7. (C) Nay Win Maung admitted that the cronies were also looking out for their own interests and were likely to take advantage of business opportunities that came out of the role the regime assigned to them. One of their first orders of business was to band together to break the government's monopoly over diesel fuel imports. Arguing that fuel shortages and skyrocketing diesel prices had the potential to destabilize Rangoon, the cronies pressured Rangoon "viceroy" Myint Swe to allow them to begin importing diesel without the required permits from Nay Pyi Taw. Next on their list, Nay Win Maung claimed, was an attempt to convince the government to allow more cell phone providers with the reason that the storm had cut off home phone service throughout the city. A liberalization of the cell phone market would lower prices, benefit local businesses, and increase access to cell phones for more Burmese.

¶8. (C) Nay Win Maung claimed that the Ministers' unfunded mandate to rebuild the Delta had turned the relationship between the cronies and the ministers on its head. The Ministers have no resources to "rebuild the Delta," so turned to the cronies to provide them. In return, the cronies expected new and profitable business arrangements, which the government was granting. The side benefit, Nay Win Maung claimed, was that the cronies do not have the resources to provide relief material to the cyclone victims or to rebuild the Delta, and they do not want to use their own resources. Therefore, they were willing to use their influence to negotiate and facilitate access to the Delta for INGOs and

local NGOs.

¶ 9. (C) Comment: While the cronies may be taking advantage of their newfound leverage to craft advantageous business deals, they are also providing the much-needed role of humanitarian assistance facilitators. Although speculation persists that the cronies may be setting themselves up for a land-grab in the Delta, there is no evidence of this so far. It is something we need to watch for closely, which is likely why the UK Ambassador emphasized to the Minister of Agriculture that any large-scale rehabilitation assistance will require transparency and close monitoring. End comment.

VILLAROSA